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SUBJECT: RESPONSE: CHINA'S ENGAGEMENT IN ERITREA

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1. (SBU) CHINESE ENGAGEMENT IN ERITREA

The relationship between the Government of China (GOC) and the Government of the State of Eritrea (GSE) is strong. President Isaias visited President Hu during the China-Africa Summit in November 2006. During a January 2007 visit to Eritrea, Foreign Minister Li Zhaoxing partially cancelled Eritrea's bilateral debt and announced Eritrean exports to China were tariff-free. China has no known direct investments in either Eritrea's budding mining sector or its pending free trade zone in Massawa. The GOC reportedly has provided military weapons and equipment to the GSE.

GOC assistance to the GSE is provided mostly through exchange programs and concessionary loans. China provided the GSE a 100 million Yuan (\$14 million) loan to upgrade telecommunications infrastructure and another 350 million Yuan (\$50 million) to renovate the defunct cement factory in Massawa. There are reports that China provided a \$100 million loan to assist the GSE's purchase of a 30% stake in the Bisha mining project (gold and other minerals), of which \$75 million reportedly remains to be dispersed.

Eritrea sent more than 80 GSE officials and technicians to China in 2007 for GOC-funded seminars and training sessions lasting from 1 to 3 months. The Commercial Section of the Chinese Embassy recently hosted an annual program alumni reception that drew approximately 175 guests.

In 2008 and 2009, China will send a number of exchange visitors to Eritrea. For the sixth consecutive year, China sent 18 doctors to provide medical care and training to Eritrean physicians, as well as six maintenance support professionals to (Chinese-built) Orotta Hospital to repair and upgrade medical equipment. Three senior and seven junior agricultural experts will assist the GSE's pursuit of food security. Three female sports coaches will train Eritrea's female athletes.

The GOC will also build a College of Social Sciences in the city of Adi Quala and primary schools in the cities of Ghinda and Mendeferra.

12. (SBU) CURRENT LEVEL OF ENGAGEMENT BETWEEN
CHINESE AND U.S. MISSIONS IN ERITREA

U.S.-Eritrean relations are poor, which the GSE attributes to U.S. failure to force Ethiopia to abide by the 2002 border demarcation decision of the Eritrean-Ethiopian Boundary Commission (EEBC). The

Chinese maintain one of the best bilateral relationships of any diplomatic Mission in Eritrea, because they refuse to engage substantively in regional policy issues such as the contested border or address human rights abuses, in their pursuit of economic objectives.

An August 2007 special advertising supplement in Business Week contained numerous specific calls from top-level GSE leaders, including the President and Minister of Finance, to Chinese businesses to invest in Eritrea. Ruling People's Front for Democracy and Justice (PFDJ) Head of Economic Affairs Hagos Ghebrehiwet, Eritrea's economic czar, welcomed Chinese business because there are "no . . . conditions and almost no strings attached. China is here, it has the interest, it wants to make money, and it is helping us develop while it does so." The supplement was an obvious attempt by the GSE to wean itself from Western assistance by attracting investors from countries less concerned with the many local human rights abuses.

These efforts have paid off for China to some extent politically as well. For example, the GSE-run media published an editorial on April 5 regarding the recent crackdown on protestors in Tibet, "condemning the violence and vandalism perpetrated by the rioters and the attempts to manipulate the unfortunate crisis" and commending "the civilized manner with which the Government of the People's Republic of China handled the situation to restore order."

The disparate state of bilateral relations experienced by the Chinese and American missions significantly diminishes the number of opportunities for bilateral cooperation. While the U.S. Embassy maintains cordial social relations with our Chinese counterparts, particularly given Asmara's small diplomatic corps, the Chinese have been generally unwilling to upset its economic relationship by joining with the U.S. or other Missions in pressing Eritrea for

ASMARA 00000240 002 OF 002

constructive engagement internationally or addressing its internal governance problems.

Both the U.S. and Chinese missions send representatives to the bi-monthly donors' forum, at which areas of common interest are discussed. Embassy officers meet regularly with Chinese commercial and Embassy counterparts in either formal or informal venues and maintain limited information exchange on activities in-country.

13. (SBU) AREAS BENEFITING FROM INCREASED
BILATERAL COOPERATION AND COORDINATION

The GSE has consistently demonstrated its unwillingness to engage with countries like the U.S. and like-minded European nations, which have been critical of the regime's internal and regional policies. The government has proven more amenable towards working through/with multilateral fora (for example, UN assistance organizations and the European Commission (EC)), and with countries, such as China which pursue a purely economic strategy. Given China's influence with the ruling regime and its role on the UN Security Council, the GOC could potentially serve as a mediator with the GSE, although Post is doubtful that China would find such a role in its interest.

One area of possible cooperation lies in people-to-people medical diplomacy. The U.S.-based Physicians for Peace, a privately funded group of American doctors providing medical assistance and training to Eritrean medical professionals, may be willing to coordinate with local Chinese medical professionals in providing medical training. The USG could seek to support such an initiative through needed equipment and supplies. Another possible area for cooperation is cultural diplomacy. Last fall, the U.S. Embassy approached the Chinese Embassy about possibly hosting a U.S.-Chinese musical duo, a proposal which did not pan out at the time, but could be revisited in the future. The U.S. Embassy has been unable to obtain visas for official visitors, including speakers and entertainers, for several years and has difficulty in securing GSE permits for public diplomacy events. The Chinese Embassy experiences less problems in gaining GSE approvals for their cultural events and visitors,

however, the Chinese Embassy noted that the program which we proposed was beyond its budget. Given the extraordinarily restrictive environment in Eritrea, "soft diplomacy" issues could provide one of the few openings to pave the way for greater cooperation between the U.S. and China on shared issues of interest in Eritrea.

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